

Status Report: Progress on Implementation of the New Student Transportation Funding System

Report to the Legislature



Randy I. Dorn
State Superintendent of
Public Instruction

March 2011

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Prepared by
Allan J Jones, Director of Student Transportation

**Student Transportation/Financial Resources
Office of Superintendent of Public Instruction**

Randy I. Dorn
Superintendent of Public Instruction

Ken Kanikeberg
Chief of Staff

Shawn Lewis
Chief Financial Officer

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Executive Summary

The 2010 Washington State Legislature passed Substitute House Bill 2776, which established the implementation date of the new student transportation funding system as September 1, 2011, and provided funding for the implementation of the necessary computer system. This report provides the current status of the implementation process.

As of March 2011, the development of the computer infrastructure was on schedule to be completed prior to the end of June 2011 and is within budget.

Orientation and training of school district transportation staff is continuing. Meetings have been held in each Educational Service District (ESD) and are being conducted by the Regional Transportation Coordinators. Initial training sessions on the reporting process details are scheduled for April and May.

The initial public hearing of the proposed rules required to implement the new funding system was held on December 8, 2010. The Office of Superintendent of Public Instruction (OSPI) reviewed the submitted comments and concerns and collected additional stakeholder input. The agency developed a revision to the proposed language, submitted the revised language to the Office of the Code Reviser and has a second public hearing scheduled for April 6th. The revised language (along with the proposed reporting instructions and detailed guidance) is available on the OSPI website at:

<http://www.k12.wa.us/transportation/default.aspx>.

The only substantial risk OSPI currently identifies to the successful implementation of the new student transportation funding system is the proposed elimination of the Regional Transportation Coordinator program in the Governor's 2011–13 Biennial Operating Budget. If this proposal is adopted, another method of training and support for school district staff in the correct reporting process and procedures will have to be determined and a source of funding for that training identified.

I. Introduction

The 2005 Washington State Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to study the extent to which districts track or report to/from transportation costs and the extent to which the transportation funding method reflects the actual costs of providing to/from transportation (in addition to other requirements). In November 2006, JLARC delivered the report to the Legislature, including recommendations on improving the school district accounting process and on developing a new funding system able to address the statewide underfunding in student transportation (identified as being in the range between \$92.6 and \$114.4 million per year). JLARC recommended a new system because "... the current funding method cannot generate funding that reflects each district's actual costs due to significant structural and implementation problems."

The 2007 Washington State Legislature passed Second Substitute Senate Bill 5114 that provided for a consultant, under contract with the Office of Financial Management, to develop two models for a new student transportation funding system. The 2009 Legislature passed Engrossed Substitute House Bill 2261 that provided for the implementation of one of the resulting models (the Expected Cost Model) 'no later than' September 1, 2013. Subsequently, the 2010 Legislature passed Substitute House Bill 2776 that established the exact implementation date of the new funding system as September 1, 2011, and provided funding for the implementation of the necessary computer system.

The Student Transportation Allocation Reporting System (STARS) was adopted as the name for the new system.

During July and August 2010, the Office of Superintendent of Public Instruction (OSPI) issued and awarded a request for proposal (RFP) and hired CodeSmart, Inc. of Lacey, Washington to develop the core infrastructure of STARS. A separate RFP to develop the necessary Geographic Information System (GIS) subsystem was awarded to IntegralGIS, Inc. of Seattle, Washington.

II. System Development

As of March 2011, the development of the computer infrastructure is on schedule to be completed prior to the end of June 2011 and is within budget.

STARS is being implemented within the Educational Data System (EDS) environment. School transportation staff currently use EDS for monitoring their school bus inventory and for review of the capital funding received for school buses. School district transportation staff also use EDS for applying for and monitoring school bus driver authorizations. Use of EDS will provide a familiar environment for school district staff to submit their transportation reports.

A screen-shot of the GIS application that is being provided for school districts to use to maintain school bus route information is shown in Appendix A. All major routing software companies used by Washington State school districts have been notified of the data export record schema required for import into STARS. If the commercial products are not able to be modified in time for the initial reporting process in fall 2011, the existing process will still be available to school districts. Our information at this time is that the software providers will be able to meet this deadline.

III. Orientation and Training

Orientation and training of school district transportation staff is continuing.

Orientation and training began with the annual conference of the Washington Association of School Business Officials (WASBO) in May 2010 and the annual conference of the Washington Association for Pupil Transportation (WAPT) in June 2010. Meetings providing an orientation and overview of the new system have been held statewide in each Educational Service District (ESD), primarily using monthly chapter meetings of WAPT. These presentations have been primarily conducted by the regional transportation coordinators.

Training on the STARS reporting requirements is being scheduled for April and May. These will be smaller workshops focused on the data collection and reporting requirements rather than training targeted towards understanding the calculation mechanism used by the funding system. These workshops will also be conducted by the regional coordinators. Attendance will be tracked so the regional coordinators will be able to compare those in attendance to the list of districts within their regions. The regional coordinators will be making individual contact with districts not in attendance to ensure the orientation material is provided to all school districts prior to the start of the 2011–12 school year.

Additional scheduled training on STARS includes workshops at the WASBO 2011 annual conference in May and the WAPT annual conference in June. This training will be a mixture of the formula structure and the reporting requirements, tailored to the corresponding audiences.

Additional workshops provided by the regional transportation coordinators will be available in July and August of 2011 to smaller groups of school district staff. This training will be focused on the GIS system interface and the precise steps necessary to complete the route information sections of the report. The GIS interface is similar to what is provided by such commercial products as MapQuest and Google Earth. Additional training on use of the GIS system will be targeted primarily towards those individuals unfamiliar with use of such products.

During September 2011, the regional transportation coordinators will be providing extensive training on details of the reporting requirements to prepare school districts for the first report (due October 31, 2011). This training corresponds to the training provided for the current system's reporting requirements workshops.

Follow up training during the late fall and winter of 2011–12 will reinforce the reporting requirements for the winter and spring reports. This training will continue through spring 2012. At that time, districts will be able to view their earlier report results and the initial funding distribution. Workshops will provide step-by-step analysis of how the reported data is used to calculate each school district's transportation operations allocation. By the end of the 2011–12 school year, districts will be able to analyze a complete school year of data results.

Included in the spring 2012 training will be the beginning of orientation to the efficiency rating system. Training will always include a generalized discussion of the need for districts to work towards more efficient use of transportation resources, but this series of meetings will ensure that districts will understand the process used to determine the comparative efficiency rating prior to when the initial set of comparative efficiency ratings is released the following year.

After the initial release of the comparative efficiency ratings, training will cover the details of the efficiency calculation and what the efficiency ratings show regarding the district's transportation operations. Districts will be provided with information on the process that the regional transportation coordinators will use to conduct the efficiency reviews of those districts with comparative efficiency ratings less than 90 percent. Information also will be provided to ensure that all districts have a clear understanding of possible actions they can take to improve their efficiency rating.

IV. Determination of Funding Coefficients

The coefficients that are the primary statistical drivers will be determined for the initial distribution of funding (February 2012) after the 2010–11 school year

expenditure data is available in December 2011. For the 2011–12 school year only, the data used to determine the coefficients will be the fall 2011 data compared with the 2010–11 expenditure data.

For future evaluation of funding system coefficients, prior year reported data will be analyzed against the same school year expenditure data. For instance, for the 2012–13 school year, the funding coefficients will be analyzed using the 2011–12 school year reporting data (fall, winter and spring reports) compared to the 2011–12 school year expenditure data. This is the best match between costs and the workload associated with operating a particular level of transportation service. It is expected that the coefficients may show some change in the first years as behavior adjusts and stabilizes (from the elimination of inefficiencies).

V. Determination of Funding

The initial funding determination will use a one-time-only process. In order to provide a complete (fall, winter, spring) dataset, the fall 2011 data will be used to provide data for the spring 2011 record set. When the allocation is adjusted for the 2011–12 school year (February 2012), the dataset will consist of prorated shares based on the number of months represented by the data collection. This means that the reported data used to calculate the 2011–12 school year allocation will consist of the fall 2011 report (representing both fall 2011 and spring 2011) combined with the winter 2012 report.

Beginning with the 2012–13 school year, and continuing thereafter, the reporting data used to determine the allocation will be the prior school year spring report and the current school year fall and winter reports. For the 2012–13 school year this would mean the allocation would be based on the spring 2012 report combined with the fall 2012 and winter 2013 reports. The use of the prior year spring report allows the final allocation for each school district to be determined in February. This removes a potential for difficult adjustments to funding that could occur late in the school year, if the funding basis were the current year fall, winter and spring reports.

VI. Determination of Comparative Efficiency Ratings

The initial efficiency ratings using STARS reported data will be available in January 2013. The efficiency ratings compare reported transportation data against final expenditure data. Final expenditure data from school districts is available no earlier than December of each year.

During the initial implementation (2011–12 school year), the comparative efficiency ratings will be of minimum analytical value, except to provide use as a training example. This is because the first year efficiency process will only be able to compare new system data (fall 2011) against expenditures distributed

under the current funding system (revenue and expenditure data from the 2010–11 school year).

While the initial efficiency ratings may provide some guidance as to the relative range of comparative efficiency values, it is expected that ratings for the 2011–12 school year (calculated in December of 2012) will be substantially more reflective of future ratings. This is due in part to being able to use a full year of ridership data from the new system compared with expenditure data from the new system (as opposed to the mix of data between the old system and new system used in 2011–12).

VII. Comparative Efficiency Reviews

Regional Transportation Coordinator reviews of comparative efficiency ratings will be conducted (as required by RCW 28A.160.117) of any school district transportation operation rated less than 90 percent efficient. These reviews will be reported to the Legislature in December of each year. The ratings determined in December 2011 will be reported with an explanation as to the weakness of the statistical validity (as described above). The regional coordinators will conduct reviews of the initial ratings and the results of those reviews will be available the following year in December 2012. At that point, the December 2011 ratings will be able to be compared to the ratings resulting from analysis of the 2011–12 school year data.

Evaluations of those districts with comparative efficiency ratings less than 90 percent will be conducted using an evaluation grid consisting of four constraint categories: geographic, legal, inter-district and intra-district.

Geographic constraints are physical or legal land forms impacting a school district's ability to operate with maximum efficiency. An example of a physical landform is having the Columbia River or some other body of water bisecting the district. This could have a significant impact on the ability to route efficiently. An example of a legal land form would be having a large military base within the district boundary, where the restricted access could have a dramatic impact on the ability to create efficient routes, or where security checkpoints require multiple daily delays for those routes serving students living on base.

Legal constraints are those caused by transportation requirements necessary to stay in compliance with state or federal law. For instance, if a small school district has a special education student requiring a specialized program available only in a distant location, the cost of providing such transportation could result in a significant impact on the district's efficiency rating.

An example of an inter-district constraint is faced by non-high districts. This is where the high school district sets bell times that result in less efficient routing requirements, but the non-high district is providing the transportation. In this

case, the non-high district has minimal leverage in requests for setting bell times that allow efficient routing.

The final constraint type is intra-district. These constraints are typified by a district choosing bell times that result in higher cost transportation. For instance, allowing individual school building administrators to determine their own bell times typically results in higher transportation costs than would be able to be accomplished with a more centralized approach to establishing bell times.

Since it is unknown at this point how many districts will have relative efficiency ratings less than 90 percent, it is not possible to predict the timeline required for the regional coordinators to be able to conduct a thorough analysis of every district required to be evaluated. Since the initial statistically optimal comparative efficiency ratings (developed using a complete matching workload and expenditure dataset) will only be available in December 2012, the initial review process using the initial valid ratings will not be available until December 2013.

VIII. Rules Implementation Process

The initial public hearing of the proposed rules required to implement the new funding system was held on December 8, 2010. The OSPI reviewed the submitted comments and concerns and collected additional stakeholder. The agency has developed a revision to the proposed language, submitted the revised language to the Office of the Code Reviser, and has another public hearing scheduled for April 6th. The revised language (along with the proposed reporting instructions and detailed guidance) is available on the OSPI website at: <http://www.k12.wa.us/transportation/default.aspx>.

The primary concerns addressed in the revision were providing additional clarification as to the meaning of the initial proposal.

There were also changes made to reduce the workload on school districts, while being able to collect the required data and while assuring the ability of performing meaningful audits. Meetings with State Auditor Office representatives have been conducted throughout the development process to ensure a data collection process that meets audit needs. Training of audit staff will be conducted prior to the initial audits of data submitted under the new system (summer – fall 2012).

IX. Evaluation of Risks

The only substantial risk OSPI currently identifies to the successful implementation of the new student transportation funding system is the proposed elimination of the Regional Transportation Coordinator program in the Governor's 2011–13 Biennial Operating Budget. If this proposal is adopted, another method

of training and support for school district staff in the correct reporting process and procedures will have to be determined and a source of funding identified.

X. Conclusion

The implementation of STARS is on schedule and on budget for successful implementation beginning with the 2011–12 school year.

Funding will be distributed with the new system using fall and winter 2011–12 data beginning in February 2012. In the initial year, funding coefficients will be determined comparing new system reported data with current system expenditures. In future years, the coefficients will be evaluated using reported expenditures from the same school year as the reported student ridership data.

Comparative efficiency ratings will not be statistically defensible until a complete year of reported ridership data is available with corresponding expenditures. The initial efficiency ratings will be based on mixed data in December 2011 and will be used for training and initial evaluations.

Optimally developed comparative efficiency ratings will not be available until December 2012. The results of the regional coordinator reviews of districts with comparative efficiency ratings less than 90 percent based on the statistically valid mix of expenditures and matching work load will be available in December 2013.

XI. Appendix 1

Geographic Information System application



Figure 1. STARS GIS application

Figure 1 shows a screen shot of the STARS GIS application that school district staff will use to verify accurate stop data. The data entry box on the left contains the controls that allow the user to select any route in their district. The user may add a new route as required.

The user may also review the location of stops, add stops, move stops to a different location and delete stops no longer in use. With stops and schools selected, the user may choose to display the path used to calculate the shortest road distance between each school bus stop and the corresponding destination.

Use of the STARS GIS application to update route and bus stop information is not required. Districts with routing software will have an export feature provided to generate the state required data from within their routing application. Districts may also opt to manually enter route information using a system similar to the one currently used.

If a district does not use the STARS GIS application to enter their data, they must use the application to review their data to ensure accurate placement of stops.

Office of Superintendent of Public Instruction
Old Capitol Building
P.O. Box 47200
Olympia, WA 98504-7200

For more information about the contents
of this document, please contact:
Allan J Jones, OSPI
E-mail: allan.jones@k12.wa.us
Phone: (360) 725-6120

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